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# Governing Austerity: Governance Reforms as Facilitators of Gendered Austerity in Finland

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## ABSTRACT

This article contributes to literature on gender and austerity by analysing recent neoliberal transformations of governance that have facilitated the adoption of highly gendered austerity measures and constrained the conditions for gender equality policy in Finland. It examines two austerity-enhancing governance reforms: the national implementation of the new European Union (EU) economic governance rules and the OECD-inspired reform of the government's political steering process. Whereas the EU-reinforced development of a new steering model for public finance has made austerity a permanent state of affairs, the reform of the government's political steering process has subsumed all other political goals to the fiscal frame and pushed gender equality off the political agenda. Both governance reforms have depoliticised and de-democratised political decision making, making it more difficult to contest the gendered consequences of austerity.

## KEYWORDS

Gender equality; austerity; neoliberalism; economic governance; depoliticisation

## Introduction

The austerity policies adopted across Europe in the aftermath of the financial, economic, and euro crises have been shown to be profoundly gendered. Women – in particular, low income and minority women – have borne the brunt of the cuts to public services and social benefits, and discrimination against women in the labour market has increased. Cuts in public services have refamiliarised and reprivatised care, reinforcing the unequal division of care responsibilities (see Bassel and Emejulu 2017; Kantola and Lombardo 2017; Karamessini and Rubery 2014). As feminist and other scholars have pointed out, the idea of 'crisis' has also been used to push through neoliberal governance reforms, such as the EU's new economic governance rules, which have led to gender-biased policies (Bruff and Wöhl 2016; Klatzer and Schlager 2015). This article contributes to literature on gender and austerity by analysing in more detail how governance reforms have contributed to gendered austerity politics. The article thus turns attention from the gendered effects of specific austerity measures to austerity-enhancing shifts in economic governance and policy-making practices.

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I study the austerity-enhancing transformations of governance in Finland, a northern EU member state and euro country. Finland constitutes an interesting case for two reasons. Firstly, Finland is often placed on the top of different gender equality indices and understands itself as a forerunner of gender equality in Europe (Jauhola and Kantola 2016). Secondly, it is one of the rare European countries that adopted austerity voluntarily (Blyth 2017, 7). In comparison to many EU countries, Finland still has a generous public service provision and social security system. However, since the recession of the early 1990s, the country has shifted from a Nordic welfare state towards a new type of state that has been characterised as a ‘competition state’ (Kantola and Kananen 2013). After the financial and economic crisis of 2007–2009, Finland was a latecomer to austerity even though the crisis hit Finland harder than many other European countries. The first austerity measures were adopted in 2011, and the then government worked hard to raise public awareness of the ‘crisis’ (J Kantola 2018). However, austerity did not reach its peak until 2015 when a new conservative-right government adopted significant cuts in services and benefits.

In this article, I ask how two specific governance reforms implemented in 2015 contributed to the intensification of austerity in Finland. The first of these – the development of a new steering model for public finance – is connected to the shift toward a more rule-based economic governance. The second is the reform of the government’s political steering process, which was aimed at making the government’s work more strategic. This reform is part of the long tradition of managerialist New Public Management (NPM) reforms, which have brought private sector management practices to the government and the public sector. Both reforms are part of a transnational development: Whereas the steering model for public finance was developed in response to the EU’s new economic governance rules, the government reform was inspired by the OECD’s recommendations. Therefore, in addition to shedding light on Finnish austerity, the analysis has relevance also in other national contexts where similar governance reforms have been implemented.

The multidisciplinary theoretical framework of my analysis draws on feminist and other literature concerning neoliberal transformations of the state with a particular focus on shifts in public governance (for example, Brown 2015; Larner 2000). In my analysis, I bring together literature on the gendered character of recent shifts in economic governance (for example, Bruff and Wöhl 2016; Klatzer and Schlager 2015) with insights on the de-democratising and depoliticising tendencies visible in both economic governance and managerialist governance reforms (for example, A Kantola and Seeck 2011; Saint-Martin 2000). In my analysis, I ask how the Finnish reforms have facilitated and legitimised the adoption of gendered austerity measures and how the de-democratising and depoliticising aspects of the reforms have influenced the possibilities of feminist and other actors to contest austerity.

I study the processes behind the two governance reforms and the ways they were framed as well as their effects on policy making processes through policy documents complemented with research interviews and newspaper articles. The first set of policy documents consists of key Finnish fiscal policy documents in the 2010s, such as government programs, central government spending limits, and General Government Fiscal Plans ( $n = 15$ ). The second set is connected to the development of the new steering model for public finance and contains EU laws and treaties, national legislation, and background documents related to the development of the model ( $n = 8$ ). The third set includes documents connected to the reform of the government’s political steering

process ( $n = 11$ ), which are reports of development projects within government administration and reports by external actors, such as the OECD. In the case of the steering model for public finance, analysis of policy documents is complemented with information derived from interviews with Ministry of Finance civil servants ( $n = 8$ ) who have either been directly involved in the reform or who are in a senior position in the Ministry.<sup>1</sup> Newspaper material collected from Finland's largest newspaper, *Helsingin Sanomat*, through keyword searches around key time periods is used to illustrate the extent of public debate around the governance reforms as well as the discourses used in these debates ( $n = 20$ ).

My analysis suggests that the intensification of austerity in Finland is connected to shifts in economic governance as well as to managerialist reforms in policy-making that have intertwined to the detriment of gender equality. In addition to facilitating the adoption of gendered austerity policies in different ways, the reforms have made it harder for feminist movements to challenge gendered austerity.

The first section introduces the theoretical framework of the study, and the second section provides a short account of austerity in Finland. I will then turn to the creation of a new steering model for public finance that was developed in response to the new EU requirements. The fourth section looks at the OECD-inspired reform of the government's political steering process, which aimed at making the government's political process more strategic. I conclude with a discussion on the consequences of the gendered, depoliticising and de-democratising governance reforms for feminist anti-austerity resistance.

### **Gendered, De-democratised and Depoliticised Governance in a Competitive and Strategic State**

In this section, I draw on feminist and other literature on neoliberal transformations of state and governance to build towards a framework for analysing how recent governance reforms have contributed to gendered austerity in Finland. I propose that in order to understand the full implications of those reforms, it is important to address their gendered as well as their de-democratising and depoliticising effects.

Under the expansion of neoliberal rationality, economic values and priorities such as competitiveness and effectiveness have been disseminated to the state at the expense of democratic and social values and principles (Brown 2015). Feminist literature on the transformations of the state in different geopolitical contexts has pointed out that the shift from the welfare state to neoliberal 'competition state' – visible in policies as well as in governance – has had been a gendered one. Prioritisation of global competitiveness, cuts in public spending, and subjugation of social policies to the needs of the market have shifted gender relations and created new class-based, ethnic, and global distinctions between women. For instance, while women's labour and human capital are increasingly required to support international competitiveness, social reproduction is refamiliarised and reprivatised due to the withdrawal of the state from social provisioning and the marketisation and privatisation of public services (see Bakker 2003; Sauer and Wöhl 2011; Walby 2015). These shifts in policies have been supported by New Public Management (NPM) and other governance reforms that have made market concepts and techniques, such as performance management, cost-benefit calculations and audit, the regulatory

ideals of public governance (Larner 2000). In addition to having gendered impacts, the welfare state restructuring and NPM reforms have influenced gender equality policy: funding for women's policy agencies has been reduced and market priorities and practices have begun to shape gender equality policy, leading to worries about co-optation (for example, Kantola and Squires 2012; Sawyer 2007).

In addition to being gendered, transformations of state and governance have a de-democratising and depoliticising dimension. NPM reforms have shifted attention away from the democratic aspects of decision-making, for example, through allowing private actors to invade the arena of political power, thus weakening government accountability (see Saint-Martin 2000; Ylönen and Kuusela 2019). At the same time, political questions are increasingly defined as problems of governance with rational solutions (A Kantola 2006), and neutral-seeming managerialist practices are used as a means to justify various political goals (Kantola and Seeck 2011).

These gendering, de-democratising, and depoliticising tendencies are at their most visible in recent shifts in economic governance, in other words, in the policies, rules and processes through which governments manage the economy. Feminist and other scholars have pointed out how economic decision-making has (often in the name of economic necessity and on the pretext of the economic crisis) been subordinated to binding legal or constitutional rules, such as the EU's debt and deficit rules and the 'debt brakes' adopted in many countries. The new, more authoritarian and coercive modes of economic governance move economic policy away from the oversight of democratic decision-making bodies to fiscal bureaucracies and executive branches, and the economic governance rules may be difficult for future generations to overturn (Bruff and Wöhl 2016). Economic governance reforms have de-democratised economic decision making also through narrowing the space for democratic debate and civil society participation (Kantola and Lombardo 2017). In addition, binding legal rules depoliticise economic policy in the sense that they allow governments to externalise responsibility for imposing financial discipline and remove these policies from the area of contestation and contingency (Wood and Flinders 2014).

Economic governance has always been profoundly gendered: its key concepts and indicators are based on gendered background assumptions, which are visible, for instance, in the prioritisation of productive work over social reproduction (Hoskyns and Rai 2007; O'Dwyer 2018). Meanwhile the apparent gender neutrality of these concepts obscures inequalities between women and men and the way economic policies may entrench these inequalities (Bakker 1994). The new, rules-based modes of economic governance strengthen the implicit gender bias of macroeconomic policies (Klatzer and Schlager 2015), lead to spending cuts that disproportionately affect women (Bruff and Wöhl 2016) and make it more difficult to make gender equality friendly economic policy (Young 2002, 300). Recent economic governance reforms are gendered also in the sense that they have shifted power to male dominated institutions governed by masculine norms (Klatzer and Schlager 2015) and privileged masculine economised knowledge over alternative solutions and feminist knowledge (Bruff and Wöhl 2016; Cavaghan 2017).

In Finland, the shift to rules-based economic governance connected to the competition state paradigm has taken place side by side with a much less studied set of governance reforms which aim at making the state more strategic. The view that states should be not only more competitive and effective but also more strategic gained some attention

in the context of the NPM reforms of the 1980s and 1990s (for example, Pollitt and Bouckaert 2004), and that notion has reappeared in debates about public governance in the 2010s. One of the key actors behind the reappearance of this view was the OECD, which adapted the concept of 'strategic agility' from business management literature and has employed related concepts in its public governance reviews of several European countries, including Finland (Mykkänen 2016b). The emphasis on strategic vision can be seen as the latest managerialist trend that extends private sector management practices to the state (Ylöstalo and Adkins forthcoming). In contrast to the efficient and disciplined competition state, a strategic state is agile and flexible, visionary and prioritising, and equipped with a strong, fast-acting executive arm (see OECD 2010). Like the competition state, the strategic state has been argued to be a difficult partner for gender equality (Elomäki, Kantola, Koivunen and Ylöstalo 2016; Elomäki and Ylöstalo 2017), but there is to date very little knowledge of the potential de-democratising and depoliticising effects of such strategic reforms.

These insights into the gendered, depoliticised, and de-democratised governance in a competitive and strategic state guide my analysis on the role of recent governance reforms in gendered austerity politics in Finland. It is my contention that to understand the full implications of these reforms, it is crucial to complement the analysis of the ways in which they have facilitated and legitimised the adoption of gendered austerity measures with an analysis of how they have de-democratised and depoliticised decision making. In other words, governance reforms may also contribute to gendered austerity through constraining the possibilities of feminist and other actors to contest austerity.

## Gendered Austerity in Finland

At the beginning of the economic and euro crisis, Finland's budgets were on surplus and its debt-to-GDP ratio was well below the 60 per cent threshold set by the EU. In 2009, Finland's economy contracted by almost nine per cent, more than in almost any other EU member state (Holmström, Korkman and Pohjola 2014). At first, in line with the rest of the EU, Finland tried to tackle the crisis with a fiscal stimulus, but soon the Ministry of Finance called for fiscal discipline and the idea of austerity began to gain ground among the political elite and in the media (Harjuniemi and Ampuja 2018, 7–8).

Although the right-conservative government of Prime Minister Juha Sipilä, which took office in 2015, became the public face of austerity in Finland, the previous rainbow coalition government of Prime Minister Jyrki Katainen (2011–2015) had already decided on significant fiscal consolidation. This first phase of austerity was characterised by a certain reluctance as austerity was a difficult topic for a government consisting of six ideologically diverse parties. This was evident in the government program, which portrayed economic growth and employment as the main tools to stabilise public finance and declared that consolidation would come equally through tax hikes and spending cuts (PMO 2011a, 7, 9). As the idea that public finances were in crisis caught on, the government first launched structural reforms (Structural Reform Program, 2013), which in Finland are less divisive than spending cuts (Harjuniemi and Ampuja 2018, 11). Eventually, the government instituted more tax hikes and spending cuts (Ministry of Finance 2014a, 11–12). The proposed measures included several gendered elements, such as cuts in child benefits, and an increasing emphasis on caring for the elderly at home (J Kantola 2018).

The necessity of austerity became the main frame of political debate before the 2015 parliamentary elections. The terms of the debate were set by the civil servants of the Ministry of Finance, who estimated in a report published just before the elections that the 'sustainability gap' was €10 billion and recommended €6 billion of immediate 'adjustments' to be implemented mainly through expenditure cuts (Ministry of Finance 2015a).

Political parties across the political spectrum accepted the Ministry of Finance's view that austerity was the only real option, disagreeing mainly on the extent and timing of the cuts (Elomäki, Kantola, Koivunen and Ylöstalo 2016). The prominence of the no-alternative discourse and the treatment of the Ministry of Finance recommendations as objective scientific knowledge discursively depoliticised austerity by concealing contingency and making contestation difficult (see also Wood and Flinders 2014). The already significant role of the Ministry of Finance in setting the parameters of the economic policy debate (Kantola and Kananen 2013; Yliaska 2014) was emphasised.

Prime Minister Sipilä's government, which consisted of three right-wing parties, including the populist the Finns Party, committed to austerity more explicitly than its predecessor, announcing that 'Finland is in a spiral of decline' (PMO 2015, 7) and that the '[r]ebalancing of public finances will start immediately' (10). One major political decision with gendered consequences was that the tax ratio would not be increased. All the planned €4 billion (1.7 per cent of GDP) fiscal consolidation was to take place through expenditure cuts. These included, among other things, cuts and index freezes in social benefits, which were found to increase economic inequality between women and men (Elomäki and Ylöstalo 2018), as well as cuts in public services, such as the restriction of statutory childcare rights. Spending cuts were accompanied by other gendered policies to improve public finances. These included competitiveness policies that hit low-paid women working in the public sector the hardest as well as a market-oriented reform of social and health care services that eventually was withdrawn in February 2019 due to constitutional problems.

Austerity in Europe has been connected to the decreased importance of gender equality as a political goal (Karamessini and Rubery 2014, 333–336), and this tendency is visible in Finland as well. The Sipilä Government's government program was the first in 20 years that did not set priorities in this area. The program contained only one sentence about gender equality – 'Finland is also a land of gender equality' (PMO 2015, 8) – which reflects the common assumption in Finland that gender equality has already been achieved.

In Finland, the critical public debate about austerity, both in general and from a gender perspective, focused on the effects of spending cuts. Much less attention was paid to austerity related governance reforms prepared under Prime Minister Katainen's rainbow coalition government and implemented by Prime Minister Sipilä's right-conservative government. I will next ask how two specific reforms – the development of a new steering model for public finance and the reform of the government's political steering process – contributed to gendered austerity and the sidelining of gender equality.

### **New Steering Model for Public Finances Facilitates Gendered Austerity**

When Prime Minister Sipilä's right-conservative government began to implement its austerity program, it was able to rely on a new steering model for public finance, which had



been developed under Prime Minister Katainen's government. Like the previous major economic governance reforms aimed at budgetary discipline in Finland (Kantola and Kananen 2013; Yliaska 2014), the development of the new model took place during a recession. This time, however, the main push did not come from the Ministry of Finance but from the EU.

In the aftermath of the economic and euro crisis, EU economic governance has undergone significant transformations, which have had far-reaching consequences for the economic policies of member states, in particular, eurozone countries like Finland. Existing economic governance rules, such as the debt and deficit thresholds, have been strengthened and EU institutions have been provided with new tools and procedures to scrutinise national policies. It has been argued that these reforms have had gendered consequences and that they have de-democratized decision making processes at national and EU levels (see Bruff and Wöhl 2016; Kantola and Lombardo 2017; Klatzer and Schlager 2015; Wöhl 2014).

In addition to being subsumed to strengthened scrutiny and sanction mechanisms, member states have been required to reform national fiscal and budgetary policy processes, including through integrating a country-specific medium term budgetary target aiming at balance or surplus to national legislation. In Finland, this requirement, made in the intergovernmental Fiscal Compact, was implemented through the Finance Politics Act. The Act required the government to set a 'medium term budgetary objective' regarding the structural position of public finance and created an 'automatic correction mechanism' that forces the government to act if the target is not reached (see Act 869/2012). The Act altered the Finnish fiscal policy landscape by making the EU's rule-based approach and budgetary discipline the legal foundation of national fiscal policy.

A less debated and contested yet possibly more significant outcome of the new EU requirements was the development of the new, more rules-based steering model for public finance. The main governance tool of the new model is the General Government Fiscal Plan (GGFP), a fiscal and budgetary framework that sets binding targets for structural deficit or surplus as well as expenditure ceilings for all public finance: central government, local government, public social security, and pension funds. Under the new steering model each government adopts, in the beginning of its term, a four year GGFP and revises it annually. The GGFP has become the key document of public finance management in Finland. It provides the framework for the preparation of the state budget and legislation and decision making on new policies and spending cuts increasingly takes place during the annual revision of the GGFP rather than during the preparation of the state budget (see Ministry of Finance 2016).

From the very beginning, the GGFP was framed as a tool for budget discipline. Prime Minister Katainen's Government announced on its website on 3 April 2014 that '[w]ith the introduction of the plan, the Government wants to safeguard the sustainability of public finances'. The GGFP is a powerful disciplinary tool because it consolidates several existing and new tools into one document and monitoring process. First, it includes the central government spending ceilings, a tool used by the Ministry of Finance since the 1990s to ensure strict budgetary discipline and reduce public expenditure (Kantola and Kananen 2013, 816–817). Second, the GGFP serves as the medium term budgetary framework for all public finance and the midterm fiscal plan required by the recent EU directive of budgetary frameworks (Council Directive 2011/85/EU). Finally, the GGFP functions as



the multiannual fiscal program ('Stability Program') that EU member states annually submit to the European Commission in the framework of the European Semester process in order for the EU institutions to ensure that member states are on track for reaching their debt, deficit, and structural deficit targets.

Merging national fiscal and budgetary planning tools with EU-level policy surveillance subsumes national policy to EU-level fiscal rules and objectives. For example, under the new system, the government's decision on central government spending ceilings must be in line with the country specific structural deficit target set by the EU (Ministry of Finance 2015b, 33). In general, the new model is more rule-based than its predecessor, fulfilling the EU requirements of national 'numerical fiscal rules' and 'comprehensive and transparent budgetary objectives' (Council Directive 2011/85/EU). This is concretely visible in the structure of the GGFP: the second section is entitled 'National objectives and rules guiding public finance management'.

From a gender perspective, the most problematic consequence of the reform is that the fiscal governance of the care and welfare services that are crucial for gender equality and a major provider of employment for women is tightened. In Finland, the local government sector organises and finances welfare services such as basic health care, elderly care, childcare, and primary and secondary education. It has a broad autonomy, but the new system provides the central government with tools to balance municipal finances. Namely, the GGFP extends the binding framework budgeting process from the central to local governments and includes a binding expenditure ceiling for local governments that 'limits the growth of municipal spending or sets an objective for how much the government must decrease municipal spending' (Ministry of Finance 2015b, 42). The interviews with Ministry of Finance civil servants confirm that a key aspect of the reform was to discipline local governments and address the increasing of public service costs, characterised as the 'care bomb' (Interview 1).<sup>2</sup>

The idea that the costs of public care must be controlled for the sake of fiscal stability reinforces a gendered understanding of the economy where reproductive work is not valued and public care services are seen as a cost to be cut. More concretely, the new tools to limit public spending on welfare services may lead to policies that refamiliarise and reprivatise care and social reproduction. For example, Prime Minister Sipilä's government's spending cuts included weakening the legal minimum standards for child and eldercare and restricting statutory children's rights (PMO 2015). When some municipalities refused to implement the proposed cuts to childcare, the government announced, in the context of the annual assessment of the GGFP, that additional measures would be introduced to ensure that the expenditure ceiling for municipal spending would hold (Ministry of Finance 2016, 45).

The expenditure ceiling for municipal finance may also close doors on certain ways to promote gender equality. If governments are not allowed to increase local government spending, they cannot take measures to improve the salaries and working conditions in the female dominated care and education jobs in the public sector or the quality and availability of elder and childcare. Indeed, the expenditure ceiling has lead the government to propose fewer new policies that would increase local government spending (Interview 5).

Despite its importance from the gender perspective, the GGFP – unlike the annual budget that in Finland includes some gender analysis – is a gender-blind document, reflecting the way fiscal and macroeconomic policy is often seen as particularly gender

neutral (Cavaghan 2017). The abstract and numerical language of debt and deficit levels, growth rate, sustainability gap and adjustments, and the technical concepts of EU economic governance (for example, ‘midterm objective for structural budgetary position’) that frame the document make it difficult to understand that it contains decisions that affect everyday lives in a gendered way.

In addition to being gendered, the reform of the public finance management process had implications for democratic and public deliberation about fiscal policies. The new steering model was developed in working groups consisting only of Ministry of Finance officials (Ministry of Finance 2015b, 17, 51) with a limited involvement of stakeholders and restricted parliamentary debates (Interview 1). Whereas the Finance Politics Act caused some critical debate in the Parliament and the media, the new steering model was prepared almost without any critical scrutiny. Moreover, the model shifts power over public finances from local, democratically elected bodies to the central government and, in particular, to the Ministry of Finance, which is in charge of preparing the local government ceilings (Ministry of Finance 2015b, 24).

Although the new austerity-facilitating steering model for public finance was developed in response to EU requirements, and although the EU also pushed Finland to austerity through warnings and recommendations, austerity was not imposed on Finland by the EU. Rather, the new steering model can be seen as the latest phase in the long continuum of neoliberal governance reforms pushed forward by the Finnish elites (see also, Kantola and Kananen 2013; Yliaska 2014). Many of the model’s features, such as centrally determined budgetary frames and spending ceilings for local governments, are familiar from the Finnish NPM and budget reform agenda of the 1980s and 1990s (see Yliaska 2014, 181–195, 270–276, 408–427). The EU’s new economic governance rules have thus helped to implement long lasting aspirations to centralise power over resources and limit local government spending on public services. Similarly, the European Commission’s warning to Finland about excessive deficit during the government negotiations in 2015 – represented by leading politicians as ‘a very serious message’ (*Helsingin Sanomat* May 13, 2018) – was not the reason behind the intensification of austerity but rather functioned as an additional argument for unpopular policies (Interview 2; 3).

## New Political Steering Process Backs Austerity and Limits Contestation

The economic governance reform described in the previous section was planned and implemented side by side with a reform of the government’s political steering process. Prime Minister Sipilä’s austerity intensifying government program was the first ‘strategic government program’ in Finland, and the government talks also took a new form. While in the media, the new procedures were often connected to the Prime Minister’s background as an engineer and a CEO (for example, *Helsingin Sanomat* May 8, 2015), in fact, the reform had been planned for several years by actors within and outside the government (see Elomäki, Kantola, Koivunen and Ylöstalo 2016; Mykkänen 2016a).

In Finland, the long standing efforts to make the government’s decision making more strategic intensified in the 2010s after the OECD published a public governance review where it criticised Finland for the lack of ‘strategic agility’ (Mykkänen 2016b; OECD 2010). The OECD’s concerns about the inability of the government to act in the fast changing environment were taken forward in development projects carried out by the Prime

Minister's Office and the Ministry of Finance. The purpose was to improve the implementation of government programs and make the government's political steering process more effective through emphasising the government's 'strategic vision'. The projects recommended changes, among other things, to the procedure of government talks, the format of the government program (which in Finland, has often been long and detailed), and the process of its implementation (Ministry of Finance 2014b; PMO 2011b). Also, Sitra, the influential, publicly funded think tank, advocated for such reforms (Doz and Kosonen 2014).

Before the 2015 Parliamentary elections, the need for a strategic vision was brought into public debate, in particular, by the leader of the Centre Party and the future Prime Minister Juha Sipilä. However, other parties also adopted the new discourse (Mykkänen 2016b, 232–233). Prime Minister Sipilä's Government implemented many of the development projects' and Sitra's recommendations. The most visible change was that the government program was much shorter than its predecessors and replaced the traditional sectoral approach with a limited number of horizontal priorities and key projects (Elomäki, Kantola, Koivunen and Ylöstalo 2016, 380). Politicians emphasised in the media that the ways of working had also changed. The new 'strategic' approach to government talks and government work was represented, among other things, as reflecting together about long term vision and challenges, a clear process, commitment, and collegial working methods, such as a shared office space (see *Helsingin Sanomat* May 11, 2015; May 25, 2015).

One of the core outcomes of the reform was, however, an economic one: it strengthened the already prominent idea of the primacy of the fiscal and economic policy over other policy goals. One of the key premises of the OECD review, development projects, and Sitra studies had been that the coordination between budgeting and policy content should be strengthened and fiscal matters should take the lead. For example, the final report of the development project led by the Ministry of Finance stated that: '[i]nstead of the current two separate steering processes (government programme process and framework budgeting process), the government should have a steering process in which goals related to policy content are adjusted to the frame of the economy' (Ministry of Finance 2014b, 9). Concrete proposals to this end included beginning the government talks with the fiscal frame (PMO 2011b, 9) and integrating the preparation of the government's action plan with the preparation of the GGFP (Ministry of Finance 2014b, 5).

Following these recommendations, the government talks and the government program were reformed in such a manner that all other policy goals were subsumed to fiscal and economic policy. The government talks began with the fiscal frame, and decisions about spending cuts were made before actual policy priorities were discussed (Mykkänen 2016a, 22). The shorter and more general format of the government program meant that the program was first and foremost a fiscal program and the list of expenditure cuts was its most detailed component. The broadly supported idea of strategic policy making thus acted as a vehicle for advancing a politically more controversial goal and facilitating the adoption of gendered austerity.

The reform of the political steering process had other gendered consequences as well, namely, it restricted the conditions of gender equality policy. It is no coincidence that the first 'strategic government program' was the first government program in 20 years that did

not include gender equality goals and measures. In strategic political steering focused on a few horizontal priorities and large reforms and dominated by fiscal policy, there is little room for gender equality as a separate policy area on the political agenda (Elomäki, Kantola, Koivunen and Ylöstalo 2016). Furthermore, the extension of the strategic approach – shorter papers, fewer priorities, separation between long and short term objectives, and concrete measures to address measurable short-term objectives – to the field of gender equality policy weakened this policy. The government's Gender Equality Action Plan, which was drafted in the spirit of the strategic government programme and adopted in May 2016, focused on a narrow number of issues, sidelining some long term goals of the Finnish gender equality policy, such as the equal sharing of care responsibilities between parents. Gender inequality appeared as a technical problem to be split into short and long term goals solved with concrete measures, which in the Action Plan were few and rarely matched with resources (Elomäki and Ylöstalo 2017).

The reform of the government's political steering process has also made it more difficult for feminist actors to challenge gendered austerity. On the one hand, the reform increased the influence of the Ministry of Finance and strengthened the executive arm while making it harder for civil society to make itself heard. The Ministry of Finance was assigned an unusually significant role during the government talks: in addition to setting the framework for the talks, it also provided the concrete list of spending cuts (Mykkänen 2016a, 22). This meant that political decisions about the cuts were made without any prior assessment of their gender impacts. The gender impact assessments prepared by line ministries and outside actors later in the process were, in most cases, not able to influence the outcome. Meanwhile, women's organisations failed to get any of their requests accepted in the government program. While part of this failure can be attributed to the conservative ideologies of the coalition parties, the new government talk procedure and the new government program format were also to blame. In addition, the reform's explicit aim to strengthen the political executive has made decision making more authoritarian. This has, for example, in the case of the withdrawn social and healthcare services reform, led to decisions that disregard the constitution, fundamental rights, and the views of experts.

On the other hand, the reform made it more difficult to politicise questions related to gender equality, for example, to draw attention to the gender impacts of economic policy or to challenge the weak gender equality policy. The managerialist reform contributed to the development whereby political decision makers have begun to consider themselves as neutral and impartial managers rather than representatives of political interests and ideologies and where political problems are seen as ones that can be solved by practical and technocratic solutions (A Kantola 2006). One aspect of strategic public governance visible especially in the views of the think tank Sitra, is that the government should set political antagonisms and special interests aside and focus on serving the public interest: 'The government – both at the Cabinet level and between senior civil service leaders – needs to act as one, as a unified team with a commitment by individual members to collective action' (Doz and Kosonen 2014, 11). This idea was also advanced by politicians, who during the government talks constantly emphasised collegiality and collaboration. For example, Prime Minister Sipilä announced that 'there is only one party, the government party' (*Hel-singin Sanomat* May 23, 2015).

The reform also provided politicians with the role of strategic managers whose purpose was to outline a vision, set concrete objectives, find practical and effective solutions to reach these objectives, and monitor progress. For example, in the beginning of the government talks, Prime Minister Sipilä expected his future ministers to think about goals and numbers ‘in the evening when going to bed and in the morning when waking up’ (*Helsingin Sanomat* April 20, 2015). In this consensual and managerialist framework, gendered austerity and the sidelining of gender equality do not appear as political choices influenced by interests and ideologies but as neutral and necessary outcomes of outlining and implementing the government’s strategic vision.

## Conclusion

I have argued in this article, using Finland as my example, that in order to theorise the gendered implications of austerity and the possibilities of feminist resistance, it is important to understand how recent transformations of state and governance have facilitated and legitimised the adoption of gendered austerity measures and narrowed the room for democratic debate. Decisions about spending cuts are not only a reaction to a real or constructed ‘crisis’ (Walby 2015) but also connected to recent, intertwined changes in the way public finances are governed and in the way governments work.

I have suggested that the intensification of austerity politics in Finland was connected to two simultaneously planned and implemented governance reforms, which provided the Finnish political elite with new tools to push forward longstanding ideas about budget discipline and centralisation of fiscal powers. Whereas the EU reinforced development of the new steering model for public finance tied national fiscal and budgetary policies to the EU’s economic governance rules and centralised control over spending on public welfare services, the OECD inspired reform of the political steering process subsumed all other political goals into the fiscal frame. In addition to facilitating and legitimising the adoption of highly gendered austerity measures and the dismantling of the Finnish ‘woman-friendly’ welfare state, the two governance reforms have narrowed the possibilities of progressive gender equality policy.

The two reforms have also de-democratised and depoliticised policy making in a manner that has made it more difficult for feminist and other actors to challenge gendered austerity. The reforms have centralised power over public finances and made the government’s work more authoritarian, decreasing the possibility for democratic debate and civil society organisations having their voices heard. The more rules based economic governance framework that allows the government to claim its hands are tied, and the view that politicians are neutral managers who set ideologies and interests aside, further constrain the possibilities for contestation and political debate.

My analysis of the Finnish case illustrates that rulesbased economic governance reforms connected to the ‘competition state’ paradigm and managerialist NPM reforms aiming at a ‘strategic state’ may intertwine in a manner that enhances their gendered, de-democratising and depoliticising tendencies. The result of the collision of the two reform agendas is enhanced gendered austerity as well as a more centralised and authoritarian decision making where political questions about public spending are either kept away from democratic decision-making or hidden behind neutral speech about rules and good

governance. 'Competition state' and 'strategic state' are therefore not conflicting or opposing ideas; they are different sides of the same coin.

The Finnish case reveals that changes in economic governance and policy making practices can be seen as a more fundamental form of austerity than spending cuts. Austerity enhancing processes and practices may also condition decision making in better economic times and under governments with different political priorities. In addition, governance reforms – in particular, economic governance reforms sanctioned by outside actors such as the EU – are often harder to overturn than decisions about levels of social benefits. The Finnish case also illustrates how governance reforms are, despite their potentially permanent impacts, a more silent and less contested form of austerity than spending cuts. Spending cuts are often contested and criticised in the media and parliaments, but changes in governance, especially those that do not require legislative changes, often take place beyond the reach of political and public debate. Another aspect of the lack of political debate is that governance reforms are framed as neutral and technical solutions rather than political decisions with political effects.

The role of governance reforms in austerity politics raises questions about feminist and other anti-austerity resistance. In Finland, the feminist critique of austerity has been increasing even if austerity has proven to be a difficult issue for established women's organisations with long traditions of cross-party collaboration and close links to the state (Elomäki and Kantola 2017). In this critique, as well as in other critical public debates about austerity, the new steering model for public finance and the reform of the government's political steering process have mainly gone unnoticed. Paying attention to these reforms would be crucial not only because they have facilitated and legitimised austerity, but also because they have constrained the possibilities of civil society actors to influence economic policy.

## Notes

1. The interviews have been made in the framework of other research projects but the new steering model for public finance and the General Government Fiscal Plan have been addressed in the interviews. I will refer to the interviews by number (1–5).
2. The Sipilä government's withdrawn social and healthcare reform would have tightened the fiscal governance of social and healthcare services even further through transferring all financial power over these services from municipalities to the Ministry of Finance.

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